

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Expedited Package Services 3 (MC2010-28)
Negotiated Service Agreement

Docket No. CP2017-110

PUBLIC REPRESENTATIVE COMMENTS ON
NOTICE OF UNITED STATES POSTAL SERVICE FILING A
FUNCTIONALLY EQUIVALENT GLOBAL EXPEDITED PACKAGE SERVICES 3
NEGOTIATED SERVICE AGREEMENT

(February 6, 2017)

In response to a Commission notice initiating this docket¹, the Public Representative hereby comments on the notice of United States Postal Service of filing a functionally equivalent Global Expedited Package Services 3 negotiated service agreement (Notice).²

The Postal Service's Notice stipulates that this NSA is consistent and compliant with the policies of 39 U.S.C. 3633 and 39 C.F.R. 3015.5. *Notice at 2.* Further, the Notice attempts to demonstrate that the agreement is functionally equivalent to the contract that is subject of Docket No. CP2010-71, which serves as the baseline agreement detailed in Governors' Decision No. 08-7.³ *Id at 1.* The Postal Service states that its contract is "substantially similar" to this baseline agreement and as a

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, January 30, 2017.

² Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, January 27, 2017 (Notice).

³ The Governors established a pricing formula and classification that ensures each GEPS contract meets the criteria of 39 U.S.C. 3633 and the regulations promulgated thereunder. Therefore, the costs of each contract conform to a common description. In addition, the GEPS language proposed for the MCS requires that each GEPS contract must cover its attributable costs.

result of its functional equivalence should be added to the competitive product list as a GEPS 3 contract. *Id.* at 2.

The Notice, however, mentions numerous differences between the contract and the baseline contract, including name and address of customer, removal of references to Express Mail International, revised annexes and Articles, and revisions to the negotiated minimum revenue commitment. *Id.* at 4-5.

Pricing, Cost Coverage and Contribution

Customers for GEPS contracts are “small- or medium-sized businesses that mail products to foreign destinations Priority Mail Express International, Priority Mail International, or First Class Package International Service.” *Notice* at 4. Prices offered under the contracts may differ depending on the volume or postage commitments made by the customers. *Id.* Prices also may differ depending upon when the agreement is signed, due to the incorporation of updated costing information. *Id.* The Postal Service states, however, that these differences do not alter the contracts’ functional equivalency. *Id.*

The Postal Service will notify the Mailer of the Effective Date of the Agreement as soon as possible, but no later than thirty (30) days, after receiving the approval. *Attachment 1* at 3. The duration of the contract extends for one calendar year from the effective date or the last day of the month which falls one calendar year from the Effective Date, whichever is later, unless terminated sooner. *Id.*

Conclusion

The Public Representative, after accessing and comparing materials the United States Postal Service submitted under seal in this matter and the corresponding baseline agreement, acknowledges that the pricing in the present GEPS 3 contract comports with relevant provisions of title 39. This contract also appears able to generate sufficient revenue to cover attributable costs. In addition, this contract employs pricing incentives based upon volumes and other provisions favorable to the Postal Service.

The Public Representative respectfully submits the preceding comments for the Commission’s consideration.

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